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Incidence of green business on developing the entrepreneurial environment from Metropolitan Area of Iași

Borza Mioara^a, Talmaciu Mihai^{a,*}^aUniversity „Alexandru Ioan Cuza” Iasi, Blvd. Carol I, No. 11, Iasi, 700505, Romania

Abstract

The development and modernization of entrepreneurial environment, specific for XXI century, is marked by the obligation to take into account the exigencies of sustainability and adopting some green business strategies. Thus, the sustainability concept, intensely debated in scientific, social and political circles, finds applicability in the entrepreneurial environment, too, by seeking to implement the sustainability principles in the current socio-economic activities of the enterprises. Through this paper we intend to identify and analyze the perspectives, incidence and influence degrees of green business on the development trajectory of a reference area. The study is based on analysis of the degree of interest manifested by entrepreneurs from Metropolitan Area of Iași, to implement the sustainability aspects in their business strategies and to design some products, services, techniques and technologies with high socio-economic effects and minor environmental impact. Starting from the observation that in Metropolitan Area of Iași operates predominantly SMEs, by trade, tourism and industry sectors, it was realized a survey based on a questionnaire. In order to establish a relevant connection between the interest of entrepreneurs from Metropolitan Area of Iași for sustainable development and the responsibility that assumed on the management of activities with impact on the environment, we analyzed their opinions about: the barriers to the implementation of business strategies based on the sustainability principles, the interest in acquiring new information and knowledge on this concept and practices, the interest to protect the society values and the environment.

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* Corresponding author. Tel.: +4-023-220-1426; fax: +4-023-221-7000.

*E-mail address: mtalm@uaic.ro

1. Introduction

The contemporary society is marked by numerous economic, financial, technical-productive, industrial and environmental issues. In certain periods, they become more acute taking the form of real crises. In the competition related to the increase of national economies and the rise of the population's economic welfare, the countries have adopted, in their historical evolution, development models characterized by an inadequate management of the social and environmental issues. Thus, the unsustainable character of the use of such resources give some negative effects: climatic changes, the energy issues, the unsustainable use of lands and ecosystems or the trend of depletion of the non-renewable natural sources (Esty&Winston 2008, Douglas 2006, Smith&Perks 2010). The business environment has had to become more sensitive and concerned with the adoption of some business practices more oriented towards the social and natural environment so as to become green businesses (Bateman & Zeithaml 1983, Porrit & Winner 1988, Smith&Perks 2010).

The development and modernization of the entrepreneurial environment specific to the 21st century is marked by the obligation to take into account the exigencies of sustainability and adoption of some green business strategies. Sustainability tends to become a major concern of the worldwide companies (Smith&Perks 2010) and consequently of those from Romania, too.

The opinions regarding the effects of adoption of some green business strategies oriented towards sustainability are divided. Thus, some authors and businessmen assert that the transition towards the business models oriented to the social and environmental issues involves a series of additional costs that may affect the competitive advantage (Arbogast&Thornton 2011, Nidumolu&Pralad&Rangaswami 2009). Other authors assert that companies' orientation towards the „green economy” brings a series of advantages and opportunities: improvement of firm/brand's image and reputation (Smith&Perks 2010, Senxian 2009), sustainable increase of the business value (Hendry&Vasilind 2005), obtaining the image of branch leaders by developing eco-innovations and the adoption of some society-oriented attitudes (Arenas& Fosse&Huc 2010), increasing of operational efficiency, social and environmental performance (Stanwick 2012)

In this paper, we wish to identify and analyse the interest, perspectives, the level of incidence and influence of green business on the development of a reference area. The study relies on the analysis of the interest level manifested by the entrepreneurs from Iasi Metropolitan Area in the implementation of the aspects of sustainability in their business strategies and in the design of certain products, services, techniques and technologies with high economic and social effects and a minor impact on environment. To establish pertinent connections between the level of interest of the entrepreneurs from Iasi Metropolitan Area for the sustainable development and the responsibility they take in the management of the activities having an impact on the environment, we analysed their opinions in terms of the obstacles that hinder the implementation of some business strategies founded on the precepts of sustainability, the interest to get new information and knowledge regarding this concept, the interest to protect the values of society and to protect the environment.

2. Green businesses an theoretical approach

“Natural capitalism” theory (Hawken & Lovins 1999) may be regarded as offering a theoretical framework for the definition and establishment of coordinates of the green business concept. The authors foresaw a “a new (green) industrial revolution” characterized by the radical transformation of the production rules and the promotion of technological innovations that might lead to the orientation towards renewable sources (some of them without financial value), the increase of efficiency in the use of resources, the elimination of wastes (the rejection of this concept) and the making of investments in the conservation and restoration of the natural capital. The “green economy” paradigm is a deeply social one since it refers to and has implications in the entire society and supposes the involvement of all members of the “fortress”.

The attempts to define the sustainability concept offer a general image of what it really is and how a society

oriented towards sustainability should look like (WCED 1987). The adoption by companies of the concept of green economy or business supposes a deep change of the traditional business models, namely the design and adoption of some new business models and practices that may fully concord, to align and correlate the 3 facets of sustainability (Arenas& Fosse&Huc 2010). Green-business in an type of economy, with a slow-economy orientation, is encountered in the specialized literature under the consecrated name of eco-economy under whose auspices green businesses develop.

The “green business” concept has been defined in the specialized literature as representing:

- businesses or practices oriented towards the environment, including: the use of organic or natural products, the adoption of some strict measures against emissions and the procurement of materials from renewable sources (Smith 2003, Friend 2009).
- businesses that adopted the concept of environmentalism and sustainability in all their functions (Szolnai 2002);
- any human activity performed in such a way as to minimize any negative impact on the environment or which might bring direct benefits to the environment (Gilbert 2007).

Green businesses must be regarded as dynamic and innovative organizations capable to create sustainable added value by the design and identification of their own (original) methods, business models and green strategies adapted to the organizational realities. They must not adopt only an attitude of respect, conformation or fitting into the standards or other environmental prescriptions, but they must prove capacities to design new processes and products based on the principles of sustainability.

The development of green businesses supposes a new way of thinking, a change of mentality regarding the business models based on the attraction/implication of all members of the organization and compartments into eco-innovative processes that may allow the transposition of the environmental and social complexity into practical actions. This transposition must lead to eco-efficiency and the creation of sustainable added value.

The integration of sustainability requirements into the business environment needs a change of mentality and paradigm in defining business objectives and strategies (Dicu, 2011). These deep mutations at the level of business organizations will take place on several levels and focus on the following directions: organizational culture at all levels, an open attitude towards collaboration and cooperation with other agents from the business environment, adoption of some strategies based on eco-innovations supposing the deep remodeling of the products, processes, techniques and technologies. Green businesses must aim at and need to initiate some adequate actions in all company’s compartments and functions: operational, sale, management of the supply chain, logistics, financial, information technologies and human resources (Smith și Perks 2010).

3. Data and Methodology

In order to apply the elements of theoretical nature presented above, we chose a reference area for which we will analyse the level of incidence of the business environment oriented towards activities specific to the green business on the general development of the entrepreneurial environment from Iasi Metropolitan Area constituted around the municipality of Iași. In order to identify the opinions and awareness level of entrepreneurs Iași Metropolitan Area on sustainability-environment relationship and business opportunities for green businesses, we opted for a survey questionnaire based on the assumption that such a method allows the relevant information directly from the source. To identify the level of incidence of green businesses that the entrepreneurs from Iasi Metropolitan Area might sustain on the development of the entrepreneurial environment, we distributed a questionnaire focused on the topic of *sustainability and the business environment* to the entrepreneurs from IMA. One of the methods used, given the reluctance of entrepreneurs, too, to such action, was the accessibility method. According to recent studies, the survey realized in this research can be considered rather opportunistic, since we used the opportunity to perform this study based on summary available data and considering the attitude of entrepreneurs. Another major difficulty was in determining the sample size. For a total of 11,436 business units at the 95% confidence rate and 5% accepted error rate, would

have been normally to distribute the questionnaire to over 300 business units, but accessibility and time constraints led us to take into consider a range of error of 10%, respectively about 1% of the reference entities in the area, in accordance with the recommendations of theoretical and methodological notes. The new calculations revealed that a number of 110 distributed questionnaires ensure a tolerable representativeness level.

Methodologically, the steps followed in the study, so as to achieve its objectives were:

- identification, by numerical order, the ZMI enterprises from many sources of information;

- determining the sample size, based on theoretical and methodological recommendations and taking into account the restrictions above mentioned, the reference method being the quota sampling, so we realized proportions depending on the activity domain of enterprises; thus, on the distribution of the questionnaire, we taking into account, depending on technical-applicative possibilities, the percentages of existing enterprises in ZMI, according to activity domain of these (over 47% enterprises from trade, over 22% from services); however, due to the lack of availability of entrepreneurs, it was less respected the rate for the units from industry and construction; so, the survey was distributed to 52 companies (47.27%) in commerce, 30 companies (27.27%) in industry, 25 companies (22.72%) in services and 3 units (2.72%) in constructions.

Given the less favorable conjuncture of the study at a high level of relevance results, we proceeded to a compromise between empirical survey, based on a simple random sample and survey on the odds; in this demarche, we relied on the claim, from the specialty literature, that the sample is "a miniature of the population studied"; finally, due to the influence of limits presented, the sample size remained at a number of 110 enterprises, although by calculations, based on theoretical and methodological reasons, it appeared that a larger volume of the sample (over 350 business units) would have increased the relevance of research results. Furthermore, given that is studying a heterogeneous socio-economic phenomenon, we opted for quota sampling, in order to ensure a minimum of homogeneity, demarche realized to reduce the degree of invalidity arguments from results and interpretation.

4. Research Results

At national level, there are preoccupations for the analysis and monitoring of dynamics for the adoption of principles of the green economy in the entrepreneurial environment. Thus, Green Revolution Romania deals inter alia with the calculation and analysis of the Green Business Index (GBI), a barometer of Romanian companies' responsibility towards environment. By this they follow, in all enterprises from all sectors of activity, the level of preoccupation for sustainable development, the impact on the environment, sustainable transportation, use of resources, the state of buildings, green acquisitions, and waste management. Green Business Index (GBI) is a new instrument in Romania that has been monitoring for three years the green initiatives from the Romanian business sector and following the dynamics of the level of preoccupation forth extension of green businesses in our country (Fișer 2012).

Starting from the requirements at international level transposed at national level for the harmonization of protection and conservation norms for resources, in this paper we tried to identify the level of adaptation of the entrepreneurial environment from Iasi Metropolitan Area to these requirements by the orientation of the entrepreneurial environment towards green businesses and their sustainable administration.

Another starting point in the carrying out of survey is the manifestation of numerous negative aspects related to the manner of use of environmental resources, with a negative incidence on the quality of life: depreciation of water quality following the pollution and direct discharges of waste waters from economic operators; the depreciation of air quality following the urban traffic and the pollution by suspension powders, phonic pollution, the degradation of lands, etc.

From the perspective of the need for implementation of the concept of sustainable development in the business environment, the topic of sustainability is being widely debated nowadays in different Romanian

circles (scientific, political, social), but less approached directly by the business environment. At the same time, we affirm that it is necessary to sustain the efforts for the implementation of sustainable development principles and objectives both in the current social-economic activities of the companies and in citizens' daily life and conduct. From the study of the official documents put at the disposal of the public and the civil society, we noticed that certain notions largely debated theoretically and known in the economic research environment, such as sustainable development, green businesses, eco-effectiveness etc., are little known or even unknown in the entrepreneurial environment from the area under study.

Iasi Metropolitan Area is a non-governmental intercommunity development association set up in 2004 as a result of the initiative of the local authorities of Iasi municipality and the 13 neighboring communes included in the reference area. The main goal of its setting up is the orientation towards sustainable integrated development of the new reference area - Iasi Metropolitan Area. The authorities in charge have chosen this form of territorial administration for the fact that resources are better tracked and managed this way. (http://www.zmi.ro/zona_metropolitana_iasi.html).

From the information gathered empirically (discussions with the representatives of the business environment and the consultation of some specialized magazines), we have noticed that in IMA green businesses are just examples and in an insignificant number, in exchange there are numerous opportunities for the dynamization of this domain of interest. Green businesses perceived as one of the most prolific domains for the development of future businesses enjoy currently of very small investments.

According to the establishment of Iași Metropolitan Area, the general objectives pursued to ensure the regional sustainable development are development of social responsibility, creating the favorable conditions for economic development and assurance the quality of environment. (GRASP - Government Reform and Sustainable Partnerships, ZMI - Case Study, 2004; http://www.zmi.ro/pdf/dezvoltare_metropolitana.pdf). Also, in line with the challenges that the administration leaders of Iași Metropolitan Area have subscribed, one of these is refers to the efficient allocation of resources and maximizing their impact on economic development processes.

With a total area of 80,800 ha., Iași Metropolitan Area has only 450 ha. green spaces in urban areas, for a total of about 420,000 inhabitants, and the protected areas represent 4,541 ha. Of the total employed, most are engaged in manufacturing industry, construction, education and health.

At the level of Iasi County, there were numerous initiatives and proposals related to the sustainable use of environmental resources and they even began some strategic actions meant to attain some concrete objectives for environmental protection and conservation of available resources.

To establish a pertinent connection between the level of interest of entrepreneurs from Iasi Metropolitan Area for the orientation towards green businesses and the responsibility they take in the management of activities with impact on environment, we analyzed entrepreneurs' opinions in terms of the causes hindering the implementation of the concept of sustainable development, the interest to obtain new information and knowledge related to this concept, the interest to protect the moral values of the society and the environment, and the intention to orient in the future towards green businesses. The results obtained following the application of questionnaire indicate the following:

- as for the causes of the failure to implement the concept of sustainable development in the business environment, the most important are: the insufficient citizen spirit (45.61%) the absence of modern technologies (45.61%), the absence of investments (39.47%), the absence of specialists (38.60%) and the poor education (32.46%);

- as for the interest to find out new information from specialists about the advantages of orientation towards the field of green business only 12.28% wish to find out with priority new information from this domain and 31.58% strongly wish to get informed whereas 17.54% do not wish to find out new information about the domain of green businesses and 19.30% wish a little to gather information about this domain of interest;

- as for the intention to start in the near future a business specific to the green business domain or to re-

orientate their current business towards the new domain 74.567% affirm they are not at all interested in this reorientation and only 2.63% wish with priority to re-orientate towards green businesses; at the same time 14.04% of entrepreneurs intend to approach the new domain only to a low extent;

- asked whether they think that green businesses are profitable 39.47% of respondents consider that green businesses may bring profits to a moderate extent whereas only 5.26% consider to a high extent that green businesses are profitable;

- as for the future intentions to protect the values of the society (environmental, moral values), 10.53% of respondents assert they are interested to a very high extent in the protection of this type of values, 27.19% intend to protect the moral and environmental values of the society to a high extent whereas 14.04% of respondents are little interested in this orientation and 6.14% are not at all interested;

- as for the wish and intention to participate to the debates and proposals regarding the diverse manners of development of the entrepreneurial environment from Iasi Metropolitan Area, 70.18% of respondents do not wish at all to participate to these debates, 13.16% declare that they wish to participate a little to these type of debates and only 0.88% wish to do this with priority.

As for certain supplementary observations determined by the interpretation of respondents' comments and affirmations, we noticed the following situation at the level of IMA:

- a. The respondents belonging to the service domain are quite pessimistic and reluctant towards green businesses considering that the identification of specialists for employment is the priority in their company and giving opinions according to which the young generation is poorly educated or qualified for a job; others asserted that they have never thought of reorientation towards businesses connected to the environmental protection or they are completely disinterested in finding new elements in the field of green business. Moreover, they consider that there is the fear of involvement into new fields of activity amplified by the lack of support from the competent authorities. Some of them consider themselves too old to make such a change or to approach a new field of activity.

- b. In case of units from the field of constructions, entrepreneurs are extremely reticent towards the idea of sustainability and they even declare that they are not at all interested in the protection of environmental factors or the moral values of the society.

- c. It is interesting to notice that some respondents representing units from the field of industry had certain doubts regarding some concepts afferent to sustainability such as eco-tourism, proof of a quite big break between theory and practice.

- d. The respondents from the field of commerce prove the same reticence towards the issues of green economy and consider that the combination of different activities specific to the businesses with initiatives to protect the environmental factors is difficult or even impossible to achieve. Moreover, there were opinions according to which entrepreneurs would manifest preoccupations in this domain only if they imposed the implementation of environmental protection strategies. At the same time, there were questions such as what eco-tourism is or what sustainable development is.

A clear-cut conclusion that may be drawn from the analysis of the questionnaire is that many of the economic unit respondents have not established yet any strategy for sustainable development arguing that the activities currently carried out do not have anything to do with the environment or that this is not a priority for the time being. Surprisingly, for some respondents the topic of sustainability is a completely new element.

The solving of these problems concerns the entire community in the area that is why this entails a stronger preoccupation and involvement of the local public authorities in partnership with the business organizations and citizen organizations for the identification and solving of the environmental issues.

We consider that at the level of the geographical area under analysis, Iasi Metropolitan Area, the orientation of the entrepreneurial environment towards sustainability through the extension of *green* type businesses is low for reasons such as the inexistence of a mechanism for the stimulation and consolidation of green initiatives in the business sector, there are no instruments for the measurement of such initiatives and there is no

transparency about the results registered so far in this direction. Moreover, we think that a large part of the entrepreneurial environment from Iasi Metropolitan Area is not aware of the fact that the improvement of environmental performance is a priority and a key to success in the current economic environment.

A possible solution regarding these drawbacks identified in terms of the orientation towards the green economy is the implementation of a simple mechanism for the measurement of sustainability of economic units by the system of sustainability indicators with accent on the identification of the manner in which strategies and practices ensuring the transition towards the green economy are created, optimized and implemented.

Given the natural-geographic conditions, the population structure from the cultural-educational viewpoint, the available resources and the new priorities specific to some sustainable economies, we consider that the economic units from Iasi Metropolitan Area might initiate or consolidate green businesses in domains such as collective energy projects, the organization of markets for the sale of local products, the set up of small agricultural farms, sports associations and sports grounds, libraries, maintenance and repair workshops, craftsmanship stores, theatrical companies, gardening services etc.

5. Conclusions

Economic development in compliance with the requirements of the environmental protection, is a necessity in nowadays, determining entrepreneurs to move towards adopting green business specific measures. If at the international level, especially in countries with developed economy, the green business issue is current and represent a preoccupation reflected in the activities of enterprises, but also of the institutions that pursuing the green business impact on the entrepreneurial area and on the level and rhythm of economic development, the same cannot be said for the Romanian economy. Since it, by research of some scientific materials as reports, specialty studies, official information and so on, we noticed that at national level it is support the endeavor for a economic reorientation towards green-business, in this paper we have tried customizing this issue in an reference area from Romania, Iași Metropolitan Area.

Starting from the aim to determine the incidence of green business on the development of entrepreneurial environment for Iași Metropolitan Area, we concluded that, even the Iași Metropolitan Area is endowed with resources usable in socio-economic activities, in terms of addressing the green economy practices, the situation is not favorable. The concern of entrepreneurs related to implementation of the environmental factors protection strategies are reduced just to the mandatory state, the orientation toward green businesses is limited and strategic projects for the next 5-10 years is extremely low targeting the specific practices of green economy.

The study on incidence of green business within the business environment of Iași Metropolitan Area, one of representative development poles of the North East region (the least developed in Romania), revealed two important implications for regional sustainable development:

- on the one hand, insufficient knowledge of the meaning of sustainability concept and benefits of applying the principles of sustainability by business representatives from Iasi, combined with low concern to obtain further information on these issues;
- on the other hand, poor concern, even reluctance, of business representatives from ZMI to adopting green business strategies, which involve profound restructuring of business models and the involvement of all members and departments in eco-innovative processes.

As future research we believe that is useful to identify legislative, institutional, economic, fiscal measures that stimulate and mobilize businesses to adopt and expand green business models in ZMI. We also believe it is useful to study the extent to which certain demographic characteristics of ZMI firms (size, industry, age / experience) have an influence on their orientation towards adopting green business practices

A first limit of this research was the lack of transparency of informative sources, lack of publication of the latest data on the overall activities of the entrepreneurial environment from Iași Metropolitan Area and difficult

access to data. The second limitation of the research is the unavailability and reluctance of respondents who did not allow carrying out the study to a more representative sample.

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